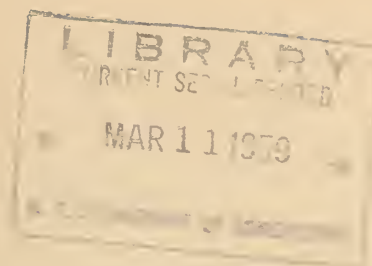


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# **Federal Legislation, Rulings, and Regulations Affecting the State Agricultural Experiment Stations**

Miscellaneous Publication No. 515 • Revised January 1959

Agricultural Research Service

UNITED STATES DEPARTMENT OF AGRICULTURE



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# Federal Legislation, Rulings, and Regulations Affecting the State Agricultural Experiment Stations

This publication has been prepared in the State Experiment Stations  
Division for use by State experiment station Directors and others  
concerned with administration and use of funds administered by the

State Experiment Stations Division  
Agricultural Research Service  
United States Department of Agriculture

This is the third revision of Miscellaneous Publication No. 515,  
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# Federal Legislation, Rulings, and Regulations Affecting the State Agricultural Experiment Stations

## History of Agricultural Research Legislation

### Federal-Grant Acts

Federal-grant funds were authorized by the Hatch Act of 1887 for direct payment to each State that would establish an agricultural experiment station in connection with the land-grant college established under the provisions of the Morrill Act of July 2, 1862, and of the acts supplementary thereto, for the purpose of engaging in systematic scientific study of problems relating to the agriculture of the State. Federal-grant authorizations were increased in the following subsequent Federal-grant acts: The Adams Act of 1906; the Purnell Act of 1925; the Bankhead-Jones Act of June 29, 1935; and title I, section 9 of the amendment of 1946 to the Bankhead-Jones Act. In separate acts the Congress of the United States also extended authorization for Federal-grant research payments to be made to the Alaska, Hawaii, and Puerto Rico Experiment Stations.

In 1955, the Hatch Act was amended to bring about consolidation of the Federal laws relating to the appropriation of Federal-grant funds for the support of agricultural experiment stations in the States, Alaska, Hawaii, and Puerto Rico. With the amendment of the original Hatch Act, the other aforementioned Federal-grant acts with amendatory and supplementary acts were repealed. As used in this Act, the terms "State" and "States" are defined to include the several States, Alaska, Hawaii, and Puerto Rico.

### Agricultural Marketing Act (AMA)

The Agricultural Marketing Act of 1946, formerly known as Title II, Research and Marketing Act, while technically not Federal-grant legislation, is treated as such in this manual except where otherwise considered separately. It was designed to "promote through cooperation among Federal and State agencies, farm organizations and private industry a scientific approach to the problems of marketing, transportation, and distribution of agricultural products." Funds appropriated under this authority may be allotted to State departments of agriculture, State bureaus and departments of markets and other appropriate State agencies, as well as to the State experiment stations.

## Purpose of Federal-Grant Research Program

Section 2 of the Hatch Act states that it is the policy of Congress to promote the efficient production, marketing, distribution, and utilization of farm products. It is the expressed intent of Congress to assure agriculture a position in research equal to that of industry. The Act states that: "It shall be the object and duty of the State agricultural experiment stations through the expenditure of the appropriations hereinafter authorized to conduct original and other researches, investigations, and experiments bearing directly on and contributing to the establishment and maintenance of a permanent and effective agricultural industry of the United States, including researches basic to the problems of agriculture in its broadest aspects, and such investigations as have for their purpose the development and improvement of the rural home and rural life and the maximum contribution by agriculture to the welfare of the consumer."

The Federal-grant payments to the States for agricultural research serve as incentives for additional non-Federal support to carry on essential research. In addition to sharing the costs of Federal-grant agricultural research by contributing non-Federal moneys, the States also pay for closely related lines of research and the major costs of administration and general overhead expenses.

State experiment station research is primarily concerned with the solution of problems affecting the agricultural economy and public welfare within respective States. Regional problems are usually the subjects of cooperative research in which two or more State experiment stations, and frequently the Department of Agriculture, pool their technical resources and facilities in relation to their respective responsibilities and capabilities.

## Responsibility and Authority for Administration

### Secretary of Agriculture

1. *Prescribes Rules.*—The Hatch Act states in Section 7: "The Secretary of Agriculture is hereby charged with the proper administration of this Act, and is authorized and directed to prescribe such rules and regulations as may be necessary to



carry out its provisions." The Secretary is empowered to prescribe the form of the annual financial statement, and to ascertain whether the expenditures under the appropriations hereby made are in accordance with the provisions of the Act, and report thereon to Congress.

2. *Furnishes Advice and Aid.*—In the same section the Act stipulates further that the duty of the Secretary is "to furnish such advice and assistance as will best promote the purposes of this Act, including participation in coordination of research initiated under this Act by the State agricultural experiment stations, from time to time to indicate such lines of inquiry as to him seem most important." Thus, although Federal-grant research is carried on independently in the States, with a wide latitude of purpose and direction, the Secretary of Agriculture is charged by law to give technical advice and assistance to the experiment stations.

3. *Coordinates Research.*—The Act states also that the Secretary of Agriculture is "to encourage and assist in the establishment and maintenance of cooperation by and between the several State agricultural experiment stations, and between the stations and the United States Department of Agriculture."

#### State Experiment Stations Division

The State Experiment Stations Division of the Agricultural Research Service represents the Secretary of Agriculture in the administration of the Hatch Act, a function previously vested in the former Office of Experiment Stations.

The Office of Experiment Stations was established in the Department of Agriculture in 1888, pursuant to the Hatch Act of 1887, for the purpose of furthering close cooperation and systematic exchange of information between the stations and departmental research agencies. Under the Department Appropriation Act of 1895 Congress granted authority to the Secretary of Agriculture to examine the legality of expenditures made under the Hatch Act, which responsibility was assigned to the Office of Experiment Stations. The appropriation acts for the Department of Agriculture for the fiscal year 1895 and for each year since that date have granted the Secretary of Agriculture authority to prescribe the form of the annual financial statements required by section 3 of the Hatch Act of 1887, and responsibility for determining that expenditures by the State stations are in accordance with the provisions of the basic acts. Authority of the Office of Experiment Stations to coordinate the work of the State agricultural experiment stations with the work of the Department of Agriculture was first included in the Department of Agriculture Appropriation Act for the fiscal year 1916.

Under the reorganization of the Department of Agriculture of November 2, 1953, all service agencies of the Department were grouped as follows: (1) Federal-States Relations; (2) Market-

ing and Foreign Agriculture; (3) Agricultural Stabilization; and (4) Agricultural Credit. The various bureaus responsible for agricultural research activities, including the Office of Experiment Stations, were regrouped into the Agricultural Research Service to replace the Agricultural Research Administration. The Agricultural Research Service was included in the group of agencies responsible to the Assistant Secretary for Federal-State Relations.

In accordance with the reorganization plans of the Department effective on January 2, 1954, the name "Office of Experiment Station" was changed to the "State Experiment Stations Division" of the Agricultural Research Service. This Division is responsible to the Deputy Administrator for Experiment Stations of the Agricultural Research Service. The State Experiment Stations Division was assigned the functions, authorities, and responsibilities in the grant-fund administration which previously had been delegated to the Office of Experiment Stations. These responsibilities are set forth in ARS Administrative Memorandum 101.1.

#### Agricultural Experiment Station Directors

All agricultural research at the State experiment stations, including that supported with Federal-grant and State and other funds, is under the leadership and administration of the respective State experiment station Directors. The Director is responsible to the head of his institution and to its governing body within the State. He is not a Federal employee.

In the administration of the Federal-grant funds, the State Experiment Stations Division, representing the Secretary of Agriculture, deals with the station Director as the chief executive officer of his station. As such, the Director, or a representative designated by him, is expected to sign all applications of proposed research submitted to the Division for approval of support with Federal-grant funds, and to administer the expenditure of all Federal-grant funds allocated to the station. The Director is responsible for initiating and guiding the grant-fund research program of the station, for selecting and maintaining a competent staff, for maintaining conditions and relationships favorable to productive research, and for rendering account and giving satisfactory proof annually to the State Experiment Stations Division that research expenditures and distribution of Federal-grant funds have been made within the provisions of the laws authorizing and appropriating such funds.

It is the Director's responsibility to determine, on behalf of his agricultural college or governing board, and in cooperation with the Department of Agriculture, what researches bearing directly on the agricultural industry of the United States are advisable. For this the Director has sole authority within the State.



Federal-grant funds are allotted to the State by the Federal Government on the condition that they shall be under the control of the eligible institution in the State, with the duty expressly placed on the experiment station to determine what agricultural researches are advisable in their expenditure. Therefore, all vouchers drawn on the Federal-grant funds must have the approval of the Director of the experiment station or his duly authorized agent before they are acceptable as charges against the Federal funds. When the Director authorizes another person as his agent to sign vouchers or otherwise to act in his stead, a statement of such authorization, signed by him, should be filed in the offices of the Director and custodian of the funds, and a copy transmitted to the State Experiment Stations Division for record.

While the experiment stations may take advantage of State contracts and the services of State officials in the purchase of supplies and equipment with the Federal-grant funds, such contracts can have no control over, or applicability to, expenditures of Federal-grant funds. Likewise, those persons entrusted with Federal-grant funds, other than the Director and his designees, have no control over such funds, even though they may be officers or employees of the State.

## **Administration and Use of Authorized Funds**

### **Hatch Act of 1955**

The Hatch Act authorizes the State Experiment Stations Division to furnish advice and assistance, including participation in the coordination of research carried on with Federal-grant funds. In order to carry out this function more effectively, the Division reviews the proposed Federal-grant program of each station before the initiation of the next fiscal year's work. This program of research with its accompanying budget is submitted to the Division on or before June 15.

To assure compliance with the Hatch Act, it is necessary that expenditures be allocated to separate units of research with separate budgets. Any proposed new research supported in whole or in part with Federal-grant funds must be approved by the Division before Federal-grant funds are used.

To improve the effectiveness of the administration of Federal-grant funds, the State Experiment Stations Division in cooperation with the Directors of the State experiment stations has developed a guide to research workers, "Essentials of an Experiment Station Project Outline" (SES-OD-1007). Copies will be supplied by the State Experiment Stations Division upon request.

Definite research units being conducted currently under a long-term overall or master plan are the entities with which the State Experiment Stations Division must deal, not the master plan. Each unit should be a distinct study with corresponding allocation of funds and personnel. The unit may in turn include a number of distinct

phases of investigation conducted in such a manner that separate assignment of funds or personnel or separate reports of progress might be extremely difficult, if not impossible. It would manifestly be unwise in such cases to attempt their separation, but rather to set them forth clearly in the project outline as objectives.

Administration also involves (1) frequent consultation with experiment station workers and administrators on research and administrative problems; (2) annual field examination of the research conducted and of the expenditures made by each experiment station under the respective acts; (3) annual certification of each station to receive the Federal research grants; and (4) preparation of an annual report to Congress on the research carried on at the station during the year as required by law. This report serves to justify not only past expenditures but to indicate the need of future appropriations.

In order that the State Experiment Stations Division may render the most effective coordinating service, it annually secures a complete progress report on each Federal-grant fund research project as prepared by the station research leaders and approved by the Director. These reports form a continuing and up-to-date record of experiment station research and serve as ready-reference material in considering new proposals and for coordinating State experiment station and Federal-grant research in a given field.

The Hatch Act requires not only that research programs conducted under it be coordinated, but also that due regard be given in these programs to "the varying conditions and needs of the respective States and Territories." Thus, both the experiment station Director and the State Experiment Stations Division are required to exercise careful and discriminating judgment in coordinating the research, based upon broad knowledge and consideration of related research in progress elsewhere and of the varying conditions under which it was initiated and is being prosecuted.

Each member of the technical staff of the State Experiment Stations Division is expected to keep informed on the latest station and departmental research developments in his respective subject-matter field. The Division encourages direct communication between research leaders in the Department and those at the stations. It also exercises important liaison responsibility in planning and developing research carried on by the Department in cooperation with the State stations.

### **Regional Research Funds (RRF)**

The Hatch Act provides the substance for a now well-established pattern of consideration, planning, and integration of research aimed at problem areas that extend beyond State boundaries.

Directors of the stations are enabled by the Regional research fund to consider problems of

broad interest that may be solved by two or more stations or by such stations and departmental research agencies pooling their physical resources and technical know-how.

Proposals for regional research must be recommended by a national Committee of Nine elected by and representing the station Directors. The State Experiment Stations Division acts for the Secretary of Agriculture in accepting and giving final approval for the use of regional funds in support of proposals thus recommended.

The Regional research fund is restricted to use by "two or more State agricultural experiment stations" for cooperative research on problems "that concern the agriculture of more than one State." Other Federal-grant funds may also be used by the stations for planning and conducting research in cooperation with each other and with other appropriate agencies and individuals, or for research on problems of primary concern to the agriculture of the individual States.

The amount of funds set aside for regional research cannot exceed that authorized for the fiscal year 1955 plus 25 percent of any subsequent increases in Hatch funds. In the event that total Federal-grant funds be decreased, the amount set aside for regional research will be decreased proportionately.

For a more complete statement on regional research the text of the amended Hatch Act (see p. 14) and "Manual of Procedures for Cooperative Regional Research" (ARS 23-3) should be consulted.

### **Agricultural Marketing Act (Title II)**

Beginning with the Appropriation Act of 1955, a research appropriation as authorized in section 204 (b) of the Agricultural Marketing Act of 1946 was included among the payments to States, Hawaii, Alaska, and Puerto Rico. These allotments must be matched on a project basis.

Final responsibility for review, selection, and advance approval of projects submitted by State agricultural experiment stations under provisions of section 204 (b) is now delegated to the State Experiment Stations Division. In carrying out this responsibility, the Division is authorized and directed to formulate and promulgate such procedures, rules, and regulations as will insure compliance with the provisions of this section. However, in exercising these functions and in coordinating work with other parts of the research program, heavy reliance is placed upon the advice and assistance of the Experiment Stations Marketing Research Advisory Committee (ESMRAC). This Committee was originally established through action taken in September 1948 by the Experiment Station Committee on Organization and Policy (ESCOP) at the request of the then Administrator of the Research and Marketing Act.

In consideration of the above points, it should be recognized that a major function of the Experi-

ment Stations Marketing Research Advisory Committee is to facilitate an exchange of information between State and Federal agencies pertaining to research interests and to aid in locating fields of mutual interest. The State Experiment Stations Division will look to this committee for advice and guidance in the appraisal of research proposals initiated by either State or Federal agencies and in the planning and development of cooperative undertakings. Details on the organization and administration of research under section 204 (b) of the Agricultural Marketing Act of 1946 are set forth in the "Manual of Procedures for State Agricultural Experiment Station Research Under the Agricultural Marketing Act of 1946" (SES-OD-1100, revised June 3, 1957).

### **Stations Eligible to Receive Federal-Grant Funds**

1. An agricultural college or station established under the land grant college act of July 2, 1862, is entitled to the benefits of the provisions of the Hatch Act.

2. In a State where an agricultural college has been established under the act of July 2, 1862, and agricultural stations have also been established, either under that act or by State authority, before March 2, 1887 (when the initial Hatch Act became law), the legislature of such State shall determine which one of said institutions, or how many of them, shall receive the benefits of the Hatch Act.

3. If the legislature of any State in which an agricultural college has been established under the act of July 2, 1862, desires to establish an agricultural station which shall be entitled to the benefits of the Hatch Act, it must establish such station in connection with said college. It is within the power of the legislature of any State that has accepted the provisions of the Hatch Act to dispose of the amount appropriated by Congress for said State to either one or all of the agricultural colleges or stations which may be established. The whole responsibility rests upon the State legislature as to how the fund appropriated by Congress shall be distributed among these various institutions of the State, provided there are one or more agricultural colleges with which an agricultural station is connected or one or more agricultural stations.

4. Where there is an agricultural college or station which may have been established by State authority and is maintained by the State, the Hatch Act authorizes the State to designate the station to which it desires the appropriation to be applied, whether to one or more, or all, and the Secretary of the Treasury should make the payment under the appropriation to the one the State might designate.

### **Custody of Funds**

The experiment station funds allotted to the State out of the Federal appropriations are Federal moneys and continue to be such until



they are disbursed pursuant to the purposes specified by Congress. These Federal funds are payable to the officer appointed by the governing boards of the colleges or experiment stations, and the officer to whom the funds are paid thereby becomes their custodian. Federal-grant funds are not the property of the State, or even of the appointed officer to whom they are paid, but only in his custody for proper disbursement. There is no requirement in the Act that the custodian shall deposit the funds in the State treasury, although it is entirely proper that he should do so. However, if he does so deposit them, his custodianship is not thereby terminated; they continue to be Government funds, until they are expended for the purposes specified in the acts of the Congress of the United States.

Since Congress has authorized the payment of Federal-grant funds only to an officer of the agricultural experiment station duly appointed by the governing board of such station, such payments may not be made to any other person, and the provisions of the Federal statutes in this respect are in no way affected by any act of the legislature of the State attempting to provide for such payments to an officer of the State other than an officer of the experiment station duly appointed by the governing board of such station to receive the same.

#### **Deposit of Funds and Accounting for Interest**

The Federal-grant funds, wherever deposited, must be available at all times for disbursement only in payment of claims authorized by the station Director. The deposit of these funds in the State treasury, if found necessary and expedient in connection with the safekeeping, disbursement, and control thereof, may be made without legal objection.

Such deposit, however, does not relieve the station Director of the responsibility for the budgeting and expenditure of the funds, or the duly appointed station treasurer of the responsibility for accounting for them and paying regularly approved and legitimate claims on them on order from the Director.

Federal-grant funds must be maintained in a separate deposit account if any interest accrues on the deposit of these funds. The Department of Agriculture is held responsible for requiring a procedure on the part of the States relative to the deposit of the Federal-grant funds, which will enable the Department to ascertain that the conditions of the Hatch Act have been complied with fully and to determine that the interests of the Government otherwise are fully protected.

Evidence of unauthorized use of Federal-grant funds held in a consolidated deposit account may be considered sufficient justification for requiring modification of the accounting procedure to provide for their deposit in a separate account.

Provision is made in the annual financial report for certification by the station treasurer and the

Director as to any interest that may have been earned on the deposit of the Federal-grant funds. If any interest has been earned, the amount must be remitted to the Agricultural Research Service, U. S. D. A., through the State Experiment Stations Division.

#### **Payment of Funds to Stations**

Except for Regional research funds, the amounts appropriated under the provisions of the Hatch Act are paid in equal quarterly installments on the first day of July, October, January, and April in each fiscal year. These funds are paid to the treasurer or other officer duly appointed by the governing board of the agricultural experiment station.

Allotments of the Regional research fund are paid in one installment at the beginning of the fiscal year. The payments are made on the basis of approved experiment station projects contributing to approved regional research projects.

On approval of State experiment station research projects, Agricultural Marketing Act funds are allotted to the station concerned. The annual allotments may be made as a single payment or in two or more separate payments, depending upon the date of passage of the annual appropriation bill and other circumstances.

#### **Anticipation of First-Quarter Payments**

The fiscal year for the accounting of Federal-grant funds extends from July 1 through June 30 of the ensuing year. An agricultural experiment station entitled to the benefits of appropriations made by Congress can anticipate the payment to be made on July 1, and can make contracts of purchases prior to that time, if the Director deems this essential for carrying on authorized research.

#### **Offset or Matching Requirement**

1. *Hatch Act.*—The offset provision is as follows under section 3 (d) of the Hatch Act:

Of any amount in excess of \$90,000 available under this Act for allotment to any State, exclusive of the regional research fund, State agricultural experiment stations, no allotment and no payments thereof shall be made in excess of the amount which the State makes available out of its own funds for research, and for the establishment and maintenance of facilities necessary for the prosecution of such research, *And provided further*, That if any State fails to make available for such research purposes for any fiscal year a sum equal to the amount in excess of \$90,000 to which it may be entitled for such year, the remainder of such amount shall be withheld by the Secretary of Agriculture.

Accordingly, it is necessary for each experiment station to submit a guaranty satisfactory to the Department of Agriculture as to the amount of offset funds which will be made available for research from other than Federal sources. Such guaranty must be submitted, not later than June 15 of each year, on forms supplied by the State Experiment Stations Division, in order that the necessary checks may be issued. Funds derived

from the Federal Government and funds not actually deposited with the State or Territory and subject to budgeting and expenditure by the State or Territory for research as outlined in the following paragraph are not acceptable as offset.

The station Director has the responsibility of proposing expenditure for meeting offset requirements and of providing satisfactory evidence as to the research character of the offset work. Expenditures for agricultural research, including the administration and conduct of research and the publication of results, and for the establishment and maintenance of facilities for prosecuting such research are acceptable for offset. Research of agricultural experiment station quality, conducted under State auspices not necessarily at or by the main station, is also acceptable, provided it is presented by the station Director and is a part of a coordinated program for agriculture in the State. Expenditures covering service, demonstration, or regulatory work are not acceptable as offset.

2. *Agricultural Marketing Act (Title II).*—In the case of State experiment station research projects under the Agricultural Marketing Act, the law provides: "That no such allotment and no payment under any such allotment shall be made for any fiscal year to any State agency in excess of the amount which such State agency makes available out of its own funds for such research." To comply with this provision, each experiment station, prior to receiving an allotment, shall file an offset guarantee on forms provided to indicate availability of adequate matching funds, which means funds in excess of sums being expended for marketing research at the time the Act was passed (1946). The language in the matching provision of the act, "for such research," is interpreted to mean that the matching funds shall be expended in support of the same research project for which Federal-grant funds are allotted, and, furthermore, that the matching funds shall be expended, dollar for dollar with Federal-grant funds in each fiscal year.

3. *Regional Research Funds (RRF).*—Funds obtained under Section 3 (c) 3 of the Hatch Act called the Regional research fund need not be offset with expenditures of non-Federal funds.

### **Marketing Provisions of the Hatch Act**

Each station shall spend for marketing research an amount at least equal to that required for this purpose in the fiscal year 1955 plus 20 percent of any further subsequent increases in Federal-grant funds that may be received. In the event that total Federal-grant funds to a station should be decreased, the amount spent for marketing research may be decreased proportionately.

### **Borrowing or Transfer of Funds**

Experiment station officers have no authority to borrow funds to be repaid out of appropriations

made under the Hatch Act. Likewise, charges for interest cannot properly be made against funds appropriated under that Act.

As there is no authority in law for transferring Federal funds for temporary use to a State account, or, in effect, borrowing or using Federal funds for State purposes, such procedure is illegal.

### **Diminishment, Loss, or Misuse of Funds**

The Hatch Act, section 5, states: "If any portion of the allotted moneys received by the authorized receiving officer of any State agricultural experiment station shall by any action or contingency be diminished, lost, or misapplied, it shall be replaced by the State concerned and until so replaced no subsequent appropriation shall be allotted or paid to such State."

There is no limitation on the time within which the replacement shall be made, but no apportionment whatever can be made until the misapplied moneys are replaced.

### **Handling of Unexpended Balances**

Section 7 of the Hatch Act provides that: "Whenever it shall appear to the Secretary of Agriculture from the annual statement of receipts and expenditures of funds by any State agricultural experiment station that any portion of the preceding annual appropriation allotted to that station under this Act remains unexpended, such amount shall be deducted from the next succeeding annual allotment to the State concerned."

The unexpended balances of Regional research funds are not deductible from the next annual allotment as are the unexpended balances of allotments of other Hatch funds. Any balances in Regional research fund allotments not expended or obligated on or before June 30 of each year must be returned to the United States Treasury. Checks should be drawn in favor of the Agricultural Research Service, U. S. D. A., and mailed to the State Experiment Stations Division with the annual financial report of the station, due on or before September 1. Obligations made before July 1 may be paid at any time prior to the filing of the financial report. One check may be drawn to cover the sum total of unexpended Regional research funds.

Funds made available under the Agricultural Marketing Act normally will be expended within the fiscal year in which received, but may remain available for obligation and expenditure during the fiscal year following that in which the funds are received.

### **Reassignment of Regional Research Fund Allotments**

Regional research fund allotments are available only for expenditure in support of approved regional research projects as specified in the annual schedule of allotments recommended by the Com-



mittee of Nine and approved by the State Experiment Stations Division.

Any unexpended Regional research funds not required for the support of the regional research project to which the allotment was made may be transferred within the fiscal year to another regional project at the same experiment station or to another experiment station if it has been reassigned upon recommendation of the Committee of Nine and approved by the State Experiment Stations Division. Approved procedure for reassignment is set forth in the "Manual of Procedures for Cooperative Regional Research."

### **Employer Contributions to Retirement Systems**

The Act approved on March 4, 1940 (54 Stat. 39) (see p. 20), authorized the use of Federal-grant funds of the several States and Territories for making employer contributions to the retirement systems of the land-grant colleges. Employer contributions as authorized by the Act are separate and distinct from contributions made to a retirement system by employees from their salaries.

Only those employees receiving salary payments from Federal-grant funds are eligible for employer contributions from these funds, and then only in proportion to Federal-grant funds received.

The provisions of the Act do not apply to employees eligible to participate in the United States Civil Service Retirement Act.

Employer contributions from Federal-grant funds to a retirement system in effect at an agricultural experiment station must be equalled at least by the contributions to that system on the part of the individuals concerned, and/or the State, either separately or in combination. This matching requirement must be met on the basis of each individual employee for whose benefit employer contributions are made from Federal-grant funds. For example, if \$100 is taken from Federal-grant funds as an employer contribution to a retirement system for the benefit of an experiment station employee whose salary is paid from these funds, that employee, or the State, or the two combined, must contribute at least \$100 to the retirement system for the specific credit of that particular employee.

Contributions to the retirement fund paid by the individual from his salary, irrespective of source, would qualify as contributions on the part of the individual. Contributions to the retirement fund paid by the State may include funds derived from endowments, foundations, and similar sources, provided such funds are turned over to and disbursed by a State agency.

The use of Federal-grant funds during any fiscal year as employer contributions to a retirement system is limited to an amount not exceeding 5 percent of that portion of the salaries paid during the fiscal year from Federal-grant funds to employees who participate in the retirement system. This limitation applies to each individual.

The employer contributions from Federal-grant funds shall not exceed the amount designated as employer contributions under the particular retirement system which is in force at the agricultural experiment station.

The State Experiment Stations Division has responsibility for ascertaining compliance with the provisions of the Act in cases where deposits of Federal-grant research funds are made as employer contributions to retirement systems in favor of experiment station employees receiving salary payments from these funds.

Essential requirements for compliance with the provisions of the Act:

1. Materials to be transmitted to the State Experiment Stations Division:

- (a) Copies of the laws, orders, and regulations authorizing, establishing, and governing the retirement system for each agricultural experiment station wishing to take advantage of the provisions of the Act of March 4, 1940.
- (b) A financial estimate of the employer contributions planned to be paid from the Federal-grant funds, to be supplied with the proposed research programs at the beginning of each fiscal year.

2. Materials to be made available to the Division representative at the time of the annual review of Federal-grant activities and expenditures:

Properly approved vouchers and evidence showing that withdrawals of employee contribution from the Federal-grant funds are appropriate as regular expenditures.

### **Contributions to Social Security (Old Age and Survivors Insurance)**

Federal-grant funds may be used to pay employer contributions on that portion of salary paid from Federal-grant funds to any employee subject to the Federal Insurance Contributions Act. These employer contributions may be in addition to the 5-percent limitation on use of Federal-grant funds for retirement imposed by the Act of March 4, 1940.

### **Employer Contributions to State Group Health, Accident and Life Insurance Programs for State Employees**

Where insurance contributions regularly are made by a State in connection with its employees, such contributions appear to constitute a part of the compensation of the employees and such compensation paid in connection with agricultural research is an expense of the program for which the grant funds are authorized to be expended. Within proper administrative controls, the involved Federal-grant funds are available for such items as are accepted in employer-employee relationships, which can be said administratively to further the program, and which are not specifically prohibited (or regulated in some contrary way by the terms of the Federal-grant Act),



provided the State regularly uses its own funds for the same employee program.

### Limitations in the Use of Hatch Funds

*Expenditures Limited to the Fiscal Year.*—Obligations incurred by an agricultural experiment station in any one fiscal year to be paid from Federal-grant funds must not exceed the amounts allotted to the station for that year. The books covering expenditures of Federal-grant funds within a fiscal year must be closed as to obligations on June 30. While the funds are available for obligation only during the current fiscal year, such funds remain available for payment of unliquidated obligations for two additional years. Wherever possible, however, all payments should be cleared prior to filing the annual financial report on or before the first day of September each year.

*Administrative Planning and Direction.*—The Hatch fund may be used to pay the necessary expenses of administrative planning and direction of Hatch Act research. Likewise such funds may be used in paying the necessary expenses involved in planning research authorized under the Hatch Act in cooperation with such other appropriate agencies and individuals as may contribute to the solution of these problems. Separate projects designed to provide for the payment of such costs are to be transmitted to the State Experiment Stations Division for consideration and approval. Provision is also made for paying the necessary travel expenses of a committee of nine persons elected by and representing the Directors of the State agricultural experiment stations who recommend cooperative regional research to the Secretary of Agriculture for approval.

*Joint Employment.*—No portion of the Federal-grant funds may be used for paying salaries or wages for activities other than those of the agricultural experiment stations as specified in the Hatch Act. In case the same persons are employed in the experiment station and other departments of the college with which the station is connected, a fair and equitable division of salaries or wages should be made, and, in case of any other expenditures for the joint benefit of the experiment station and other departments of the college, the Federal-grant funds should be charged with only a fair share of such expenditures.

The foregoing principle relating to a fair and equitable division of salaries should be observed in all cases involving increases or reductions in salaries paid in part from the Federal-grant funds.

Accordingly, the State Experiment Stations Division, in its administrative relationships with the experiment stations, will be expected to scrutinize closely all salaries and parts of salaries paid from the Hatch funds, particularly those salaries paid jointly by the station and the college, to insure that the station work receives a full measure of the time and energy of specialists

assigned to it with due regard to the character, scope, and productiveness of the work itself as projected.

*Independent and Branch Stations.*—The Hatch Act authorizes the establishment and maintenance of stations in connection with the colleges that were then or might thereafter be established under the Morrill Act, but not of independent and branch stations. The Federal-grant funds cannot be turned over to an independent or branch station to be used and accounted for by such station. The Director of the agricultural experiment station, established under the Hatch Act in connection with the college of agriculture is responsible for the budgeting and use of and accounting for the funds and the planning and supervision of research thereunder. An experiment station may often need to carry on investigations in different localities within the State or Territory, but this should be done in a way to secure the thorough supervision of such investigations by the officers of the main station, and arrangements for such experimental inquiries should not be of so permanent a character as to prevent the station from shifting its Federal-fund work from place to place as circumstances may require, nor involve the expenditure of Federal funds in such amounts and in such ways as will weaken the work of the station as a whole.

*Purchase of Buildings and Land.*—Property purchased with Federal-grant funds must be deeded to the experiment station, not to the university or the State. A title such as the following, however, would be satisfactory: "----- State College (or 'the State of -----') for the use and benefit of the ----- Agricultural Experiment Station." Expenditures for buildings and land from Federal-grant funds used in conjunction with other funds must not exceed the proportion of the research supported by the Federal-grant funds. In the purchase of property, Federal-grant funds cannot be obligated before they become available.

*Rent of College Buildings and Land.*—The Hatch Act requires that the State establish, under the direction of the State college of agriculture, "a Department" to be known as an "agricultural experiment station." The experiment station as a department of the college maintained under its direction, is not required to pay rent on college buildings or land owned by the college or cooperating agency such as a State department of agriculture.

*Publications.*—The printing and distribution of only such publications as will record the researches and experimental work supported by Federal-grant funds may be paid from such funds. Whenever results are published with other material, as, for instance, in the annual reports of the stations, only a due proportion of the cost of publication should be charged to the Federal-grant funds. State funds used for publishing the results of agricultural research are acceptable for offset purposes.

A fixed sum from Hatch funds cannot be set up for library purposes. Federal-grant funds may be used to contribute toward payment of assessed costs for publishing scientific papers in nongovernment scientific journals only when the following conditions are met: (1) Charges are reasonable and constitute only a part of the entire cost of the publication; (2) the papers are concise and significant original contributions to a field of scientific knowledge within the responsibility of the experiment station; and (3) the journal concerned is an established nonprofit scientific one that does not show partiality in making charges. Charges made by scientific journals for author's alterations, or charges for immediate or quicker publication are not authorized.

*Operation of Farms and Large-Scale Experiments.*—Expenses involved in the operation of farms, orchards, large-scale livestock feeding and grazing experiments, or extensive field plots are chargeable to the Federal-grant funds only to the extent that they are essential to carrying out procedures of approved projects. In projects involving large expenditures for livestock, poultry, feed, fertilizers, bedding, and labor in routine operations or maintenance, such expenses should be paid from the Federal-grant funds only to the extent necessary to initiate the investigations. Thereafter, recurring expenditures of this type should be met as far as possible from receipts derived from the disposal of surplus products of the investigations and the Federal-grant funds should be reserved primarily for payment of salaries, carrying out technical procedures, recording the data, and publishing the results. The foregoing principles are applicable to all large-scale investigations that yield appreciable quantities of salable products.

*Heat, Light, Water, Power, Communication, and Janitor Services.*—Charges for heat, light, water, power, communication, and janitor services must be based on the actual service rendered to the experiment station and must relate directly to approved projects. Charges against Federal-grant funds for the complete heating, lighting, or care of a college building, only a part of which is used by the experiment station, cannot be approved.

*Insurance Premiums.*—The General Counsel (formerly the Solicitor) of the Department has rendered the opinion that Federal-grant funds may not be used properly for the payment of insurance premiums on buildings and other station property. If insurance is required by State law, the means of providing it should be provided by the State.

The foregoing opinion is held to apply also in the case of premiums on liability and accident insurance on cars and trucks, employee's liability insurance, or any other form of insurance.

*State and Local Taxes.*—According to a 1957 decision of the Comptroller General, Federal-grant funds may be used to pay State sales taxes on services or commodities purchased to carry out the

purposes of the Hatch Act, provided such taxes are also paid from funds of non-Federal origin available to the experiment station for conduct of research. This decision does not affect any of the other administrative rules or regulations applicable to expenditures of Federal-grant funds.

*Federal Taxes.*—The Revenue Act of 1943 exempts from excise taxes purchases and other expenditures by the States, Territories of the United States, or political subdivisions thereof, and the sources of the funds out of which expenditures are made appear to be immaterial. Since Federal-grant funds are allocated for expenditures by the States in accordance with approved programs and projects, they are not subject to Federal excise taxes and the Federal-grant funds should not be used for paying such taxes. If, however, owing to exceptional or emergency conditions the station should be required to pay excise taxes on a purchase or other expenditures made from a Federal-grant fund, the station may pay such taxes from the Federal fund involved.

*Use of Income From Sales.*—Sales receipts derived as legitimate residues of research supported by the Federal-grant funds belong to the station and are properly available for reinvestment in experiment station work. Such receipts may be accumulated and used for paying the necessary expenses of experiment station research or to meet other needs of experiment station work including permanent improvements.

*Travel.*—Federal-grant funds cannot be used for travel of researchers to fairs and exhibits; travel of a candidate for interview regarding employment, even if subsequently employed; or travel of a non-station specialist unless he is appointed a temporary member of the station staff and presents an itemized account of travel.

In all cases of travel a justification should be shown on the voucher. Use of Federal-grant funds for foreign travel is discouraged, but each case would have to be considered individually with approval of the Secretary of Agriculture. Employees may be authorized to visit foreign laboratories to consult with specialists doing research similar to theirs.

#### Some Purposes For Which the Federal-Grant Funds May Not Be Used

1. Expenditures not approved by the Director or his authorized agent.
2. Expenditures that are not involved in an approved Federal-grant project.
3. Other than experiment station work, including teaching, extension, regulatory, or service work.
4. Salaries of workers while temporarily withdrawn from station work.
5. Payment before value is received.
6. General maintenance of substations.
7. Rent for college buildings or land.



8. Premiums for insurance on buildings and other station property, and on automobiles.
9. Premiums for employees' liability insurance, or workmen's compensation.
10. Property taxes.
11. License plates for automobiles and trucks.
12. Drivers' licenses or permits.
13. Interest charges.
14. Repaying borrowed money.
15. Temporary substitutions for State funds.
16. State deposit guarantee funds.
17. Bonds for custodian of Federal-grant funds.
18. Registration of animals.
19. Expenses incurred in applying for, acquiring, and defending patents.
20. Membership fees in the Association of Land-Grant Colleges and Universities, or in other organizations.
21. Nonexpendable equipment on projects about to terminate or become inactive.
22. Travel of prospective employees.
23. Travel of nonstation consultant unless included in professional fee.
24. Travel to fairs and exhibits.

## Experiment Station Accounts

The State Experiment Stations Division is charged with the duty of examining expenditures of the Federal-grant funds. Representatives of the Division are expected to examine all original vouchers and subvouchers supporting the different expenditures.

### Essential Requirements

#### 1. Hatch (including RRF) and Agricultural Marketing Act Title II expenditures

##### A. Personal services:

###### (1) Vouchers showing—

- (a) Individuals paid.
- (b) The amount due.
- (c) The amount of any authorized deductions.
- (d) The amount paid.
- (e) The fund involved.
- (f) The approval of the Director or other authorized representative.

###### (2) Evidence of payment in the form of a receipt or canceled check for salary or wages due the employee for the payroll period.

##### B. All other expenditures:

###### (1) Vouchers showing—

- (a) Kind and cost of purchase or service rendered and from whom purchased or by whom rendered.
- (b) Brief statement of justification for travel, and unusual items.
- (c) Certificate of receipt of goods or of service rendered.
- (d) Approval for payment by the signature of the Director of the station, or other authorized repre-

sentative using his own signature. Facsimile of Director's signature is unacceptable.

- (e) The individual projects for which expenditure was incurred.
- (f) The classification with reference to the schedules prescribed for the annual financial report. This is based on the nature, not the purpose, of expenditures.

###### (2) Evidence of payment in the form of receipts or canceled checks. If the canceled checks are not attached to the respective vouchers, the vouchers should show the number or other identification of the check issued in payment of the voucher in question.

###### (3) If the canceled checks are not kept at experiment station headquarters, a duly certified list showing the number of each check, the amount paid, and the payee, will be acceptable as evidence of payment, provided each voucher shows by number or otherwise the check by which it was paid. It is understood, however, that the original vouchers and canceled checks are to be made available for examination if requested by the Division representative.

- (a) In view of the fact that some States have passed laws that required the original invoices, vouchers and subvouchers supporting accounts to be filed elsewhere than at the experiment station headquarters, it has been agreed that, for the purpose of ordinary routine examination of the accounts, certified copies of the original vouchers and subvouchers and supporting details, accompanied by the canceled payment checks showing the invoices covered, will be accepted.

- (b) A certified list of those obligations incurred subsequent to the annual examination of accounts should show by projects, the expenditure of Federal-grant funds on a form prescribed by the State Experiment Stations Division.

- (c) Stations should retain copies of Federal-grant vouchers for at least a 5-year period.

###### (4) Special considerations:

- (a) Prior issuance of checks: The procedure of issuing checks before the receipt of goods or services is illegal.
- (b) Uncashed checks: In order that the State stations may close accounts after a reasonable time, the following procedure may be established for handling uncanceled checks for either services or purchases: For checks which remain uncashed for 1 year and 11 months after the appropriation

chargeable has ceased to be available, stop-payment procedures should be instituted with the bank. After the bank has been instructed to stop payment on all uncashed checks applicable to the fiscal year appropriations concerned, checks should be drawn payable to the "Agricultural Research Service, U. S. D. A." in the total amount of the outstanding checks. The check and an itemized statement of these accounts indicating the Federal-grant funds and year involved should be mailed to the State Experiment Stations Division. In the event that a station should receive a certified invoice subsequent to a stop-payment action, the invoice should be forwarded to the State Experiment Stations Division.

**C. Refunds and rebates after close of accounts:**

When refunds and rebates are made on transportation charges or purchases paid with Federal-grant funds after the close of accounts, the station draws a check payable to the "Agricultural Research Service, U. S. D. A." in the total amount of such items. The check and an itemized statement of these accounts indicating the year involved is then mailed to the State Experiment Stations Division.

**2. Offset expenditures**

**A. Hatch projects:**

Accounts showing that expenditure of non-Federal funds for agricultural research equal to or exceeding the amount required for Hatch offset have been made during the fiscal year should be made available for review by the State Experiment Stations Division examiner. In case insufficient non-Federal funds have been expended at the time of the annual examination to meet or exceed the Hatch offset requirement, a supplementary statement should be furnished to State Experiment Stations Division at the end of the fiscal year showing that the non-Federal expenditures of the station for agricultural research during the fiscal year have equalled or exceeded the amount required for Hatch offset.

**B. Agricultural Marketing Act projects:**

Accounts showing that non-Federal funds have been expended on each project in an amount equal to or exceeding the amount of AMA (Title II) fund expended on the project should be made available for review by the State Experiment Stations Division examiner. In case insufficient non-Federal funds have been expended at the time of the annual examination to meet or exceed the offset requirement on

each AMA (Title II) project considered on an individual basis, a supplementary statement should be furnished to the State Experiment Stations Division at the end of the fiscal year showing that the expenditure of non-Federal funds on each project equalled or exceeded the amount of AMA (Title II) offset required for each project.

**Classification of Expenditures**

The classification of objects of expenditures complies with the provisions of the Federal-grant acts and the requirements of Executive Order No. 8512 of August 13, 1940, which prescribes requirements with respect to budgetary administration and financial reporting, and Treasury Regulation No. 1, as revised September 1953. It is based on the nature of the services, articles, or other items involved as distinguished from the purpose for which such obligations are incurred. Regulation No. 1 provides 16 object classes, of which classes 01 through 11 and 15 affect the accounting and reporting of the Federal funds of the experiment stations. These object classes have been divided into the detailed classes or subclasses considered necessary for ascertainment by the State Experiment Stations Division that expenditures are appropriate under the respective Federal-grant acts.

**Object Classes**

01. Personal Services:
  - 011 Administration.
  - 013 For all other purposes.
02. Travel.
03. Transportation of Things.
04. Communication Services.
05. Rents and Utility Services:
  - 051 Heat, light, power, water, gas, electricity.
  - 052 Rent of building space, equipment, or land.
06. Printing and Reproduction.
07. Other Contractual Services.
08. Supplies and Materials.
09. Equipment.
10. Land and Structures (contractual):
  - 101 Land (purchase).
  - 102 Land, nonstructural improvements.
  - 103 Buildings (capital improvements including purchase, erection, repair, and alteration), and fixed equipment.
  - 104 Other structures (purchase, construction, and repair).
11. Contributions to Retirement.
15. Taxes and Assessments.

**Definition of Object Classes**

01. *Personal Services*.—Includes salaries and wages for services or labor of individuals, cost of living and quarters allowances, and other cash payments incidental to personal services.



Covers commissions, fees, etc., for special and miscellaneous services rendered by consultants or others employed on a per diem or fee basis.

02. *Travel*.—Includes transportation of persons, their subsistence while in an authorized travel status, and other expenses incident to travel.
03. *Transportation of Things*.—Includes those charges for the transportation of things (including animals) which are paid or to be paid directly by the station and not by the vendor, such as freight and express, and drayage and other local transportation. It includes contractual charges for the care of such things while in process of being transported, and postage used in parcel post. Where an invoice covers charges for transportation as well as articles purchased, the transportation charges may be considered a part of the purchase price for purposes of classification.
04. *Communication Services*.—Includes the transmission of messages from place to place, such as tolls for land telegraph service, marine cable service, radio and wireless telegraph service, telephone and teletype service; letter postage; rental of post office boxes; and messenger service.
05. *Rents and Utility Services*.—Includes charges for possession and use of land, structures, or equipment owned by another, the possession of which is to be relinquished at a future time. This also includes charges under purchase rental agreements. Under such agreements, until the title for the equipment is acquired, payments should be classified as rentals. Payments subsequent to the acquisition of title should be classified as equipment. It also includes charges for heat, light, power, water, gas, electricity, and other utility services exclusive of transportation and communication services.
06. *Printing and Reproduction*.—Includes all contractual services for the printing, binding, and reproduction of books, pamphlets, documents, and other publications, such as lithographing, multigraphing, mimeographing, photostating, blueprinting, and photography.
07. *Other Contractual Services*.<sup>1</sup>—Includes all con-

<sup>1</sup> Contractual services are interpreted to mean those performed by a firm or individual not in the employ of the station, who agrees to perform a certain job or service for a stated price which would include the cost of any materials necessary to do the job. The distinction may be clarified by examples. If the station buys supplies and materials from a dealer or other supplier for use in the construction, repair, or alteration of buildings and employs labor to do the work, the supplies and materials would be classified as 081 and the labor as 012. If, however, the obligation is essentially that of a service performed by a contractor who furnishes labor and materials as a part of his charge, and the repairs or alterations do not add materially to the value of the property, the classification 072 would apply. If additions and alterations materially adding to the original value of the building were secured under a similar contractual arrangement, the correct classification would be 103.

tractual services not otherwise classified. Repairs and alterations to equipment such as automobiles, tractors, typewriters, etc.; storage and maintenance of automobiles (except in connection with travel); stenographic reporting and typewriting, and other special and miscellaneous services done by contract (071); and repairs and alterations to buildings when done by contract, which do not add materially to the value of the property (072).

08. *Supplies and Materials*.—Includes all commodities (a) which are ordinarily consumed or expended within one year after they are put into use, or (b) which are converted in the process of construction or manufacture, or (c) which are used to form a minor part of equipment or fixed property; office supplies (other than nonstandard forms and letterheads), small laboratory animals; subscriptions to periodicals; chemicals; fuels; clothing and clothing supplies; cleaning and toilet supplies; materials and parts; and property of little monetary value.
09. *Equipment*.—Includes property of a more or less durable nature—that is, which may be expected to have a period of service of a year or more after being put into use without material impairment of the physical condition. Comprises transportation equipment, such as automobiles, trucks, and wagons; furniture, furnishings, and fixtures; books; livestock (other than that purchased for slaughter); implements and tools; and machinery and apparatus.
10. *Land and Structures*.—Includes acquisition of land, acquisition or construction of buildings and structures, and additions thereto, when acquired under contract; nonstructural improvements of land, such as fences and wells, when acquired under contract; and fixed equipment, such as air-conditioning or refrigerating systems (whether an addition or a replacement) when acquired under contract.
11. *Contributions to Retirement*.—Employer contributions to the retirement of employees as provided for by the act of Congress approved March 4, 1940, entitled, "An Act to aid the States and Territories in making provisions for the retirement of employees of the land-grant colleges."
15. *Taxes and Assessments*.—Includes the amount of taxes, employer's contributions to Social Security, and special assessments imposed by the Internal Revenue Service where the Federal Government has consented to taxation. Federal-grant funds are not generally subject to Federal taxes, including gasoline tax. If, however, the Internal Revenue Service should call for payment of taxes on such expenditures made on Federal-grant funds, that are mentioned in the Revenue



Act of 1943 as not exempt (namely, telephone toll calls, telegraphic cables, transportation of persons and property, etc.), the stations may pay such taxes from the fund involved in the individual case, and this classification would apply.

### Classification of Items of Expenditure

Although the classification of all items of expenditure is determined by the nature of the services, articles, or other item involved, as distinguished from the purposes for which the obligations were incurred, the following indicates the object classes ordinarily appropriate for the items listed:

Item	Symbol
Animals, small laboratory	08
Automobile mileage	02
Automobile repairs	07
Automobile servicing	07
Automobile storage at headquarters	05
Automobile storage in travel status	02
Bags, barrels, baskets, etc.	08
Balances	09
Battery (if direct purchase)	08
Battery (if obtained on contract for servicing automobiles including replacement of parts)	07
Bedding for animals	08
Bees	09
Bibiofilm	09
Binding periodicals, etc.	06
Board, in travel status	02
Board, laborers, part of wages	013
Bookcases and shelves	09
Books (reference)	09
Bottles and carboys	08
Breeding cages	09
Brooders	09
Brooms	08
Brushes	08
Bulbs, electric light	08
Calculators	09
Cameras	09
Cards	08
Charts and maps (consumable)	08
Charts and maps (reference)	09
Chemicals, drugs, etc.	08
Cuts, halftones, etc., illustrations	06
Drawing instruments	09
Drugs	08
Eggs (all purposes)	08
Feed (if charge for transportation is on same invoice it can be considered as part of the purchase price)	08
Fees for professional or technical service	013
Fences	104
Files, office	09
Films, developing	07
Flowerpots	08
Forceps	09
Fuel and lubricants	08
Fungicides	08
Glassware (laboratory)	08
Hardware (expendable)	08

Item	Symbol
Hose	09
Hotbed sash	09
Ice and other refrigerants	08
Implements (farm)	09
Incubators	09
Insecticides	08
Instruments, surgical	09
Irrigation ditches and flumes, permanent	104
Irrigation water	05
Labels, tags, and bands	08
Ladders	09
Laundry and towel service	07
Laundry, in travel status	02
Livestock (breeding)	09
Livestock (other than breeding)	08
Lumber	08
Lysimeters built in place	104
Machines, office	09
Magazines (reference)	08
Medicines	08
Orchard heaters	09
Paint	08
Paper, blueprint	08
Parcel post	03
Photographic equipment	09
Photographic supplies	08
Plants, vegetable or small fruit	08
Platinum ware	09
Postage	04
Poultry (breeding)	09
Poultry (other than breeding)	08
Presses, laboratory	09
Printed forms and letterheads	06
Pruning shears	09
Pumps	09
Radioactive material	08
Refrigerators	09
Rent of cold storage or common storage	052
Rent of office machines	052
Reprints, scientific papers	06
Reservoirs for water storage	102
Seeds	08
Serum, vaccine, etc.	08
Shade cloth	08
Shading frames	104
Spray materials	08
Structures, portable	104
Subscriptions to scientific journals	08
Tarpaulins	08
Tests, chemical and biological (service)	07
Tools, manual and power	09
Towels	08
Tractor or truck, hire	05
Transportation charges	03
Trees, fruit or ornamental	09
Tubing: glass, rubber, plastic	08
Typewriter—repair	07
Typewriters	09
Ultraviolet or infrared apparatus	09
Veterinary service	013
Wages: janitors, herdsmen, feeders, etc.	013
Watermeters (irrigation)	09
Wells	102
Windmills	104

## Annual Financial Report

The experiment station treasurer or other officer appointed to receive the Federal-grant funds is required under the Act to send to the State Experiment Stations Division, on or before the first day of September of each year, a statement of the amounts received and of their disbursement on forms prescribed by the Secretary of Agriculture. The annual financial report also includes a statement of the non-Federal funds expended as offset, the total of non-Federal funds available and expended, and a certificate as to the amount earned as interest on the deposit of the Federal-grant funds.

### Federal Legislation Authorizing Payments to State Agricultural Experiment Stations

#### The Hatch Act of 1955 <sup>2</sup>

In 1955 the 84th Congress of the United States consolidated the Hatch Act of 1887 and laws supplementary thereto relating to the appropriation of Federal funds for the support of agricultural experiment stations in the States, Alaska, Hawaii, and Puerto Rico. The Act was approved by the President on August 11, 1955. The full text of the Act is given herewith:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Hatch Act of March 2, 1887, relating to the appropriation of Federal funds for the support of State agricultural experiment stations, is hereby amended to read as follows:

"SECTION 1. It is the policy of Congress to continue the agricultural research at State agricultural experiment stations which has been encouraged and supported by the Hatch Act of 1887, the Adams Act of 1906, the Purnell Act of 1925, the Bankhead-Jones Act of 1935, and title I, section 9, of that Act as added by the Act of August 14, 1946, and Acts amendatory and supplementary thereto, and to promote the efficiency of such research by a codification and simplification of such laws. As used in this Act, the terms 'State' or 'States' are defined to include the several States, Alaska, Hawaii, and Puerto Rico. As used in this Act, the term 'State agricultural experiment station' means a department which shall have been established, under direction of the college or university or agricultural departments of the college or university in each State in accord-

ance with an Act approved July 2, 1862 (12 Stat. 503), entitled 'An Act donating public lands to the several States and Territories which may provide colleges for the benefit of agriculture and the mechanic arts'; or such other substantially equivalent arrangements as any State shall determine.

"SECTION 2. It is further the policy of the Congress to promote the efficient production, marketing, distribution, and utilization of products of the farm as essential to the health and welfare of our peoples and to promote a sound and prosperous agriculture and rural life as indispensable to the maintenance of maximum employment and national prosperity and security. It is also the intent of Congress to assure agriculture a position in research equal to that of industry, which will aid in maintaining an equitable balance between agriculture and other segments of our economy. It shall be the object and duty of the State agricultural experiment stations through the expenditure of the appropriations hereinafter authorized to conduct original and other researches, investigations, and experiments bearing directly on and contributing to the establishment and maintenance of a permanent and effective agricultural industry of the United States, including researches basic to the problems of agriculture in its broadest aspects, and such investigations as have for their purpose the development and improvement of the rural home and rural life and the maximum contribution by agriculture to the welfare of the consumer, as may be deemed advisable, having due regard for the varying conditions and needs of the respective States.

"SEC. 3 (a) There are hereby authorized to be appropriated for the purposes of this Act such sums as Congress may from time to time determine to be necessary.

"(b) Out of such sums each State shall be entitled to receive annually a sum of money equal to and subject to the same requirement as to use for marketing research projects as the sums received from Federal appropriations for State agricultural experiment stations for the fiscal year 1955, except that amounts heretofore made available from the fund known as the 'Regional research fund, Office of Experiment Stations' shall continue to be available for the support of cooperative regional projects as defined in subsection 3 (c) (3), and the said fund shall be designated 'Regional research fund, State agricultural experiment station', and the Secretary of Agriculture shall be entitled to receive annually for the administration of this Act, a sum not less than that available for this purpose for the fiscal year ending June 30, 1955: *Provided*, That if the appropriations hereunder available for distribution in any fiscal year are less than those for the fiscal year 1955 the allotment to each State and the amounts for Federal administration and the regional research fund shall be reduced in proportion to the amount of such reduction.

<sup>2</sup> The original Hatch Act of 1887, not reproduced here, provided that the agricultural experiment stations should be established "in connection with the colleges established in the several States under the provisions of an act approved July 2, 1862, and the acts supplementary thereto." The Act of July 2, 1862, frequently referred to as the Land-Grant College Act or the First Morrill Act, also is not reproduced here.



"(c) Any sums made available by the Congress in addition to those provided for in subsection (b) hereof for State agricultural experiment station work shall be distributed as follows:

"1. Twenty per centum shall be allotted equally to each State;

"2. Not less than 52 per centum of such sums shall be allotted to each State as follows: One-half in an amount which bears the same ratio to the total amount to be allotted as the rural population of the State bears to the total rural population of all the States as determined by the last preceding decennial census current at the time each such additional sum is first appropriated; and one-half in an amount which bears the same ratio to the total amount to be allotted as the farm population of the State bears to the total farm population of all the States as determined by the last preceding decennial census current at the time such additional sum is first appropriated;

"3. Not more than 25 per centum shall be allotted to the States for cooperative research in which two or more State agricultural experiment stations are cooperating to solve problems that concern the agriculture of more than one State. The funds available for such purposes, together with funds available pursuant to subsection (b) hereof for like purpose shall be designated as the 'Regional research fund, State agricultural experiment stations' and shall be used only for such cooperative regional research projects as are recommended by a committee of nine persons elected by and representing the directors of the State agricultural experiment stations, and approved by the Secretary of Agriculture. The necessary travel expenses of the committee of nine persons in performance of their duties may be paid from the fund established by this paragraph.

"4. Not less than 20 per centum of any sums appropriated pursuant to this subsection for distribution to States shall be used by State agricultural experiment stations for conducting marketing research projects approved by the Department of Agriculture.

"5. Three per centum shall be available to the Secretary of Agriculture for administration of this Act.

"(d) Of any amount in excess of \$90,000 available under this Act for allotment to any State, exclusive of the Regional research fund, State agricultural experiment stations, no allotment and no payments thereof shall be made in excess of the amount which the State makes available out of its own funds for research and for the establishment and maintenance of facilities necessary for the prosecution of such research: *And provided further*, That if any State fails to make available for such research purposes for any fiscal year a sum equal to the amount in excess of \$90,000 to which it may be entitled for such year, the remainder of such amount shall be withheld by the Secretary of Agriculture.

"(e) 'Administration' as used in this section shall include participation in planning and coordinating cooperative regional research as defined in subsection 3 (c) 3.

"(f) In making payments to States, the Secretary of Agriculture is authorized to adjust any such payment to the nearest dollar.

"SEC. 4. Moneys appropriated pursuant to this Act shall also be available, in addition to meeting expenses for research and investigations conducted under authority of section 2, for printing and disseminating the results of such research, retirement of employees subject to the provisions of an Act approved on March 4, 1940 (54 Stat. 39), administrative planning and direction, and for the purchase and rental of land and the construction, acquisition, alteration, or repair of buildings necessary for conducting research. The State agricultural experiment stations are authorized to plan and conduct any research authorized under section 2 of this Act in cooperation with each other and such other agencies and individuals as may contribute to the solution of the agricultural problems involved, and moneys appropriated pursuant to this Act shall be available for paying the necessary expenses of planning, coordinating, and conducting such cooperative research.

"SEC. 5. Sums available for allotment to the States under the terms of this Act, excluding the Regional research fund authorized by subsection 3 (c) 3, shall be paid to each State agricultural experiment station in equal quarterly payments beginning the first day of July of each fiscal year upon vouchers approved by the Secretary of Agriculture. Each such station authorized to receive allotted funds shall have a chief administrative officer known as a director, and a treasurer or other officer appointed by the governing board of the station. Such treasurer or other officer shall receive and account for all funds allotted to the State under the provisions of this Act and shall report, with the approval of the director, to the Secretary of Agriculture on or before the first day of September of each year a detailed statement of the amount received under provisions of this Act during the preceding fiscal year, and of its disbursement on schedules prescribed by the Secretary of Agriculture. If any portion of the allotted moneys received by the authorized receiving officer of any State agricultural experiment station shall by any action or contingency be diminished, lost, or misapplied, it shall be replaced by the State concerned and until so replaced no subsequent appropriation shall be allotted or paid to such State.

"SEC. 6. Bulletins, reports, periodicals, reprints of articles, and other publications necessary for the dissemination of results of the researches and experiments, including lists of publications available for distribution by the experiment stations, shall be transmitted in the mails of the United States under penalty indicia: *Provided, however*, That each publication shall bear such indicia as prescribed by

the Postmaster General and shall be mailed under such regulations as the Postmaster General may from time to time prescribe. Such publications may be mailed from the principal place of business of the station or from an established subunit of said station.

"SEC. 7. The Secretary of Agriculture is hereby charged with the responsibility for the proper administration of this Act, and is authorized and directed to prescribe such rules and regulations as may be necessary to carry out its provisions. It shall be the duty of the Secretary to furnish such advice and assistance as will best promote the purposes of this Act, including participation in coordination of research initiated under this Act by the State agricultural experiment stations, from time to time to indicate such lines of inquiry as to him seem most important, and to encourage and assist in the establishment and maintenance of cooperation by and between the several State agricultural experiment stations, and between the stations and the United States Department of Agriculture.

"On or before the first day of July in each year after the passage of this Act, the Secretary of Agriculture shall ascertain as to each State whether it is entitled to receive its share of the annual appropriations for agricultural experiment stations under this Act and the amount which thereupon each is entitled, respectively, to receive.

"Whenever it shall appear to the Secretary of Agriculture from the annual statement of receipts and expenditures of funds by any State agricultural experiment station that any portion of the preceding annual appropriation allotted to that station under this Act remains unexpended, such amount shall be deducted from the next succeeding annual allotment to the State concerned.

"If the Secretary of Agriculture shall withhold from any State any portion of the appropriations available for allotment, the facts and reasons therefor shall be reported to the President and the amount involved shall be kept separate in the Treasury until the close of the next Congress. If the next Congress shall not direct such sums to be paid, it shall be carried to surplus.

"The Secretary of Agriculture shall make an annual report to the Congress during the first regular session of each year of the receipts and expenditures and work of the agricultural experiment stations in all the States under the provisions of this Act, and also whether any portion of the appropriation available for allotment to any State has been withheld and if so the reasons therefor.

"SEC. 8. Nothing in this Act shall be construed to impair or modify the legal relation existing between any of the colleges or universities under whose direction State agricultural experiment stations have been established and the government of the States in which they are respectively located. States having agricultural experiment stations separate from such colleges or universities and established by law, shall be authorized to

apply such benefits to research at stations so established by such States: *Provided*, That in any State in which more than one such college, university, or agricultural experiment station has been established the appropriations made pursuant to this Act for such State shall be divided between such institutions as the legislature of such State shall direct.

"SEC. 9. The Congress may at any time, amend, suspend, or repeal any or all of the provisions of this Act."

SEC. 2. The following listed sections or parts of sections of the Statutes at Large heretofore covering the provisions consolidated in this Act are hereby repealed: *Provided, however*, That any rights or liabilities existing under such repealed sections or parts of sections shall not be affected by their repeal:

Bankhead-Jones Act, title I, sections 2 to 8, June 29, 1935 (49 Stat. 436; 7 U. S. C. 427 a-g).

Section 9, and related provisions of section 11 of the Bankhead-Jones Act, title I, as added by title I of the Research and Marketing Act (60 Stat. 1082; 7 U. S. C. 427h, 427j).

Department of Agriculture Organic Act of 1944, title I, section 105, amending the Bankhead-Jones Act, title I, section 5, by adding subsection (c) (58 Stat. 735; 7 U. S. C. 427 d).

Act approved June 7, 1888, amending the Hatch Act (25 Stat. 176; 7 U. S. C. 372).

Adams Act approved March 16, 1906 (34 Stat. 63; 7 U. S. C. 369, 371, 373, 366, 374, 375, 361, 376, 380, 382).

Purnell Act approved February 24, 1925 (43 Stat. 970; 7 U. S. C. 370, 371, 373, 374, 375, 376, 366, 361, 380, 382).

The Acts extending the benefits of the foregoing Acts to the Territory of Hawaii, the Territory of Alaska, and Puerto Rico; Hawaii, Act of May 16, 1928 (45 Stat. 571; 7 U. S. C. 386, 386a, 386b); Alaska, Act of June 20, 1936 (49 Stat. 1553), as amended by Public Law 739, approved August 29, 1950 (7 U. S. C. 369a); Alaska, Act of February 23, 1929 (45 Stat. 1256; 7 U. S. C. 386c); Puerto Rico, Act of March 4, 1931 (46 Stat. 1520; 7 U. S. C. 386d, e, f).

Such portion of the Department of Agriculture Appropriation Act of 1890, approved March 2, 1889, as related to examination of soils by experimental stations (25 Stat. 841; 7 U. S. C. 364).

That part of the Act of October 1, 1918, relating to the Georgia Agricultural Experiment Station (40 Stat. 998; 7 U. S. C. 383).

Approved August 11, 1955.

### **The Agricultural Marketing Act of 1946**

In 1946 the Congress of the United States enacted an amendment to the Bankhead-Jones Act of 1935 "to provide for further research into basic laws and principles relating to agriculture and to improve and facilitate the marketing and distribution of agricultural products." Title II of the amendment reads as follows:



## TITLE II

This title may be cited as the "Agricultural Marketing Act of 1946".

Sec. 202. The Congress hereby declares that a sound, efficient, and privately operated system for distributing and marketing agricultural products is essential to a prosperous agriculture and is indispensable to the maintenance of full employment and to the welfare, prosperity, and health of the Nation. It is further declared to be the policy of Congress to promote through research, study, experimentation, and through cooperation among Federal and State agencies, farm organizations, and private industry a scientific approach to the problems of marketing, transportation, and distribution of agricultural products similar to the scientific methods which have been utilized so successfully during the past eighty-four years in connection with the production of agricultural products so that such products capable of being produced in abundance may be marketed in an orderly manner and efficiently distributed. In order to attain these objectives, it is the intent of Congress to provide for (1) continuous research to improve the marketing, handling, storage, processing, transportation, and distribution of agricultural products; (2) cooperation among Federal and State agencies, producers, industry organizations, and others in the development and effectuation of research and marketing programs to improve the distribution processes; (3) an integrated administration of all laws enacted by Congress to aid the distribution of agricultural products through research, market aids and services, and regulatory activities, to the end that marketing methods and facilities may be improved, that distribution costs may be reduced and the price spread between the producer and consumer may be narrowed, that dietary and nutritional standards may be improved, that new and wider markets for American agricultural products may be developed, both in the United States and in other countries, with a view to making it possible for the full production of American farms to be disposed of usefully, economically, profitably, and in an orderly manner. In effectuating the purposes of this title, maximum use shall be made of existing research facilities owned or controlled by the Federal Government or by State agricultural experiment stations and of the facilities of the Federal and State extension services. To the maximum extent practicable marketing research work done hereunder in cooperation with the States shall be done in cooperation with the State agricultural experiment stations; marketing educational and demonstrational work done hereunder in cooperation with the States shall be done in cooperation with the State agricultural extension service; market information, inspection, regulatory work and other marketing service done hereunder in cooperation with the State agencies shall be done in cooperation with the State departments of agri-

culture, and State bureaus and departments of markets.

Sec. 203. The Secretary of Agriculture is directed and authorized:

(a) To conduct, assist, and foster research, investigation, and experimentation to determine the best methods of processing, preparation for market, packaging, handling, transporting, storing, distributing, and marketing agricultural products: *Provided*, That the results of such research shall be made available to the public for the purpose of expanding the use of American agricultural products in such manner as the Secretary of Agriculture may determine.

(b) To determine costs of marketing agricultural products in their various forms and through the various channels and to foster and assist in the development and establishment of more efficient marketing methods (including analyses of methods and proposed methods), practices, and facilities, for the purpose of bringing about more efficient and orderly marketing, and reducing the price spread between the producer and the consumer.

(c) To develop and improve standards of quality, condition, quantity, grade, and packaging, and recommend and demonstrate such standards in order to encourage uniformity and consistency in commercial practices.

(d) To conduct, assist, foster, and direct studies and informational programs designed to eliminate artificial barriers to the free movement of agricultural products.

(e) To foster and assist in the development of new or expanded markets (domestic and foreign) and new and expanded uses and in the moving of larger quantities of agricultural products through the private marketing system to consumers in the United States and abroad.

(f) To conduct and cooperate in consumer education for the more effective utilization and greater consumption of agricultural products: *Provided*, That no money appropriated under the authority of this Act shall be used to pay for newspaper or periodical advertising space or radio time in carrying out the purposes of this section and section 203 (e).

(g) To collect and disseminate marketing information, including adequate outlook information on a market-area basis, for the purpose of anticipating and meeting consumer requirements, aiding in the maintenance of farm income, and bringing about a balance between production and utilization of agricultural products.

(h) To inspect, certify, and identify the class, quality, quantity, and condition of agricultural products when shipped or received in interstate commerce, under such rules and regulations as the Secretary of Agriculture may prescribe, including assessment and collection of such fees as will be reasonable and as nearly as may be to cover the cost of the service rendered, to the end that agricultural products may be marketed to the best advantage, that trading may be facilitated,



and that consumers may be able to obtain the quality product which they desire, except that no person shall be required to use the service authorized by this subsection. Any official certificate issued under the authority of this subsection shall be received by all officers and all courts of the United States as prima facie evidence of the truth of the statements therein contained.

(i) To determine the needs and develop or assist in the development of plans for efficient facilities and methods of operating such facilities for the proper assembly, processing, transportation, storage, distribution, and handling of agricultural products.

(j) To assist in improving transportation services and facilities and in obtaining equitable and reasonable transportation rates and services and adequate transportation facilities for agricultural products and farm supplies by making complaint or petition to the Interstate Commerce Commission, the Maritime Commission, the Civil Aeronautics Board, or other Federal or State transportation regulatory body with respect to rates, charges, tariffs, practices, and services, or by working directly with individual carriers or groups of carriers.

(k) To collect, tabulate, and disseminate statistics on marketing agricultural products, including, but not restricted to statistics on market supplies, storage stocks, quantity, quality, and condition of such products in various positions in the marketing channel, utilization of such products and shipments and unloads thereof.

(l) To develop and promulgate, for the use and at the request of any Federal agency or State, procurement standards and specifications for agricultural products, and submit such standards and specifications to such agency or State for use or adoption for procurement purposes.

(m) To conduct, assist, encourage, and promote research, investigation, and experimentation to determine the most efficient and practical means, methods, and processes for the handling, storing, preserving, protecting, processing, and distributing of agricultural commodities to the end that such commodities may be marketed in an orderly manner and to the best interest of the producers thereof.

(n) To conduct such other research and services and to perform such other activities as will facilitate the marketing, distribution, processing, and utilization of agricultural products through commercial channels.

Sec. 204. (a) In order to conduct research and service work in connection with the preparation for market, processing, packaging, handling, storing, transporting, distributing, and marketing, of agricultural products as authorized by this title, there is hereby authorized to be appropriated the following sums:

(1) \$2,500,000 for the fiscal year ending June 30, 1947, and each subsequent fiscal year.

(2) An additional \$2,500,000 for the fiscal year ending June 30, 1948, and each subsequent fiscal year.

(3) An additional \$5,000,000 for the fiscal year ending June 30, 1949, and each subsequent fiscal year.

(4) An additional \$5,000,000 for the fiscal year ending June 30, 1950, and each subsequent fiscal year.

(5) An additional \$5,000,000 for the fiscal year ending June 30, 1951, and each subsequent fiscal year.

(6) In addition to the foregoing, such additional funds beginning with the fiscal year ending June 30, 1952, and thereafter as the Congress may deem necessary.

Such sums appropriated in pursuance of this title shall be in addition to, and not in substitution for, sums appropriated or otherwise made available to the Department of Agriculture.

(b) The Secretary of Agriculture is authorized to make available from such funds such sums as he may deem appropriate for allotment to State departments of agriculture, State bureaus and department of markets, State agricultural experiment stations, and other appropriate State agencies for cooperative projects in marketing service and in marketing research to effectuate the purposes of title II of this Act: *Provided*, That no such allotment and no payment under any such allotment shall be made for any fiscal year to any State agency in excess of the amount which such State agency makes available out of its own funds for such research. The funds which State agencies are required to make available in order to qualify for such an allotment shall be in addition to any funds now available to such agencies for marketing services and for marketing research. The allotments authorized under this section shall be made to the agency or agencies best equipped and qualified to conduct the specific project to be undertaken. Such allotments shall be covered by cooperative agreements between the Secretary of Agriculture and the cooperating agency and shall include appropriate provisions for preventing duplication or overlapping of work within the State or States cooperating. Should duplication or overlapping occur subsequent to approval of a cooperative project or allotment of funds, the Secretary of Agriculture is authorized and directed to withhold unexpended balances on such projects notwithstanding the prior approval thereof.

Sec. 205. (a) In carrying out the provisions of title II of this Act, the Secretary of Agriculture may cooperate with other branches of the Government, State agencies, private research organizations, purchasing and consuming organizations, boards of trade, chambers of commerce, other associations of business or trade organizations, transportation and storage agencies and organizations, or other persons or corporations engaged

In the production, transportation, storing, processing, marketing, and distribution of agricultural products whether operating in one or more jurisdictions. The Secretary of Agriculture shall have authority to enter into contracts and agreements under the terms of regulations promulgated by him with States and agencies of States, private firms, institutions, and individuals for the purpose of conducting research and service work, making and compiling reports and surveys, and carrying out other functions relating thereto when in his judgment the services or functions to be performed will be carried out more effectively, more rapidly, or at less cost than if performed by the Department of Agriculture. Contracts hereunder may be made for work to be performed within a period not more than four years from the date of any such contract, and advance, progress, or other payments may be made. The provisions of section 3648 (31 U. S. C., sec. 529) and section 3709 (41 U. S. C., sec. 5) of the Revised Statutes shall not be applicable to contracts or agreements made under the authority of this section. Any unexpended balances of appropriations obligated by contracts as authorized by this section may, notwithstanding the provisions of section 5 of the Act of June 20, 1874, as amended (31 U. S. C., sec. 713) remain upon the books of the Treasury for not more than five fiscal years before being carried to the surplus fund and covered into the Treasury. Any contract made pursuant to this section shall contain requirements making the result of such research and investigations available to the public by such means as the Secretary of Agriculture shall determine.

(b) The Secretary of Agriculture shall promulgate such orders, rules, and regulations as he deems necessary to carry out the provisions of this title. In his annual report to Congress, he shall include a complete statement of research work being performed under contracts or cooperative agreements under this title, showing the names of the agencies cooperating and the amounts expended thereon, segregated by Federal and non-Federal funds.

Sec. 206. In order to facilitate administration and to increase the effectiveness of the marketing research, service, and regulatory work of the Department of Agriculture to the fullest extent practicable, the Secretary of Agriculture is authorized, notwithstanding any other provisions of law, to transfer, group, coordinate, and consolidate the functions, powers, duties, and authorities of each and every agency, division, bureau, service, section, or other administrative unit in the Department of Agriculture primarily concerned with research, service, or regulatory activities in connection with the marketing, transportation, storage, processing, distribution of, or service or regulatory activities in connection with, the utilization of agricultural products into a single administrative agency. In making such changes as may be necessary to carry out effectively the

purposes of this title, the records, property, personnel, and funds of such agencies, divisions, bureaus, services, sections, or other administrative units in the Department of Agriculture affected thereby are authorized to be transferred to and used by such administrative agency to which the transfer may be made, but such unexpended balances of appropriations so transferred shall be used only for the purposes for which such appropriations were made.

Sec. 207. When used in this title, the term "agricultural products" includes agricultural, horticultural, viticultural, and dairy products, livestock and poultry, bees, forest products, fish and shellfish, and any products thereof, including processed and manufactured products, and any and all products raised or produced on farms and any processed or manufactured product thereof.

Sec. 208. The Secretary of Agriculture shall have the power to appoint, remove, and fix, in accordance with existing law, the compensation of such officers and employees, and to make such expenditures as he deems necessary including expenditures for rent outside the District of Columbia, travel, supplies, books, equipment, and such other expenditures as may be necessary to the administration of this title: *Provided*, That the Secretary of Agriculture may appoint and fix the compensation of any technically qualified person, firm, or organization by contract or otherwise on a temporary basis and for a term not to exceed six months in any fiscal year to perform research, inspection, classification, technical, or other special services, without regard to the civil service laws or the Classification Act of 1923, as amended.

#### Provisions for Agricultural Advisory Committees

A third provision contained in the amendment of 1946 to the Bankhead-Jones Act of 1935 was a provision for establishing agricultural advisory committees. This provision was designated as title III. It reads as follows:

Sec. 301. In order to aid in implementing the research and service work authorized under titles I and II of this Act, and to assist in obtaining the fullest cooperation among Federal and State agencies, producers, farm organizations, and private industry, in the development of and in effectuating such research and service programs, and in order to secure the greatest benefits from the expenditure of funds, the Secretary of Agriculture shall establish a national advisory committee. The functions of such advisory committee shall be to consult with the Secretary of Agriculture and other appropriate officials of the Department of Agriculture, to make recommendations relative to research and service work authorized by this Act, and to assist in obtaining the cooperation of producers, farm organizations, industry groups, and Federal and State agencies in the furtherance of such research and service programs. The chairman of the committee shall be the Secretary of



Agriculture or such other official of the Department of Agriculture as he shall designate. The committee shall consist of eleven members, six of whom shall be representatives of producers or their organizations. The committee shall meet at least once each quarter and at such other times as are deemed necessary. Members of the committee may not appoint alternates to serve in their stead. Committee members other than the chairman shall not be deemed to be employees of the United States and are not entitled to compensation, but the Secretary of Agriculture is authorized to allow their traveling and subsistence expenses necessary in connection with their attendance at meetings called by him for the purposes of this section.

Sec. 302. In the furtherance of the research and service work authorized by this Act, the Secretary of Agriculture may, in addition to the national advisory committee, establish appropriate committees, including representatives of producers, industry, government, and science, to assist in effectuating specific research and service programs.

Approved August 14, 1946 (60 Stat. 1082).

#### **Employer Contributions to Retirement Systems**

AN ACT to aid the States and Territories in making provisions for the retirement of employees of the land-grant colleges.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.* That, pursuant to the recognized obligations of governments to guarantee the social security of their employees and in order to provide for the retirement on an annuity, or otherwise, of all persons being paid salaries in whole or in part from grants of Federal funds to the several States and Territories pursuant to the terms of the Act approved July 2, 1862, for the endowment and support of colleges of agriculture and mechanic arts, and Acts supplementary thereto providing for instruction in agriculture and mechanic arts, for the establishment of agricultural experiment stations, and for cooperative extension work in agriculture and home economics, all States and Territories are hereafter authorized, notwithstanding any contrary provisions in said Acts, to withhold from expenditures, from Federal funds advanced under the terms of said Acts, amounts designated as employer contributions to be made by the States or Territories to retirement systems established in accordance with the laws of such States or Territories, or established by the governing boards of colleges of agriculture and mechanic arts in accordance with the authority vested in them, and to deposit such amounts to the credit of such retirement systems for subsequent disbursement in accordance with the terms of the retirement systems in effect in the respective

States and Territories: *Provided*, That there shall not be deducted from Federal funds and deposited to the credit of retirement accounts as employer contributions, amounts in excess of 5 per centum of that portion of the salaries of employees paid from such Federal funds: *Provided further*, That for the purpose of making deposits and contributions in retirement systems in favor of any employee, in no event shall the deductions from any Federal fund advanced pursuant to the foregoing Acts be in greater proportion to the total deductions for such employee than the salary received under such Federal funds bears to the total salary from Federal sources: *Provided further*, That the deposits and contributions from funds of Federal origin to any retirement system established by a State or a land-grant college must be at least equaled by the total contributions thereto on the part of the individuals concerned, the State, and the counties: *And provided further*, That no deductions for the foregoing purposes shall be made from Federal funds in support of employees appointed pursuant to the terms of the foregoing Acts, whose salaries are paid wholly by the States or Territories: *Provided further*, That the provisions of this Act shall not apply to any employee paid in whole or in part from Federal funds who may be subject to the United States Civil Service Retirement Act, as amended.

Approved, March 4, 1940 (54 Stat. 39).

#### **Penalty Mail Privilege**

Section 6 of the Consolidated Hatch Act provides the basic authority for use of penalty mail by the State agricultural experiment stations. The penalty mail authority is a privilege granted to the experiment station rather than to the Director or to any individual. The issuance of regulations covering the mailing of publications and reports under the penalty privilege by the experiment stations is an authority held by the Post Office Department. Likewise, the Post Office Department retains full authority for the interpretation of these regulations.

#### **Regulations of the Post Office Department (Postal Manual, 1957)**

The Postal Manual contains the following regulations concerning use of penalty mail by the State agricultural experiment stations:

##### **Section 137.22 Description**

Penalty mail is official mail sent without prepayment of postage bearing a printed clause citing the penalty for private use instead of postage stamps. The following kinds of mail may be sent as penalty mail by those authorized to use this privilege:

\* \* \* \* \*

c. Bulletins, reports, periodicals, reprints of articles, and other publications necessary for the dissemination of results of researches and experiments, including lists of publications available for distribution, when mailed by agricultural experiment stations designated by the act of March 2, 1887, as amended by the act of August 11, 1955, as follows:

The officer in charge of a station that claims the privilege of sending materials free through the mail must file an application with the Bureau of Post Office Operations, Mail Classification Division, through the post office where the station is located, stating the date of establishment of the station, its name or designation, its official organization, the names of its officers, the name of the college, school or institution to which it is attached, if any, the legislation of the State or Territory providing for its establishment, and any other legislation granting it the benefits of the act of Congress referred to in this section.

\* \* \* \* \*

#### Section 137.23 Markings Required

Envelopes, cards, labels, tags, and wrappers used in transmitting official mail under the penalty privilege must bear in the upper right corner of the address side the printed statement of the penalty of misuse: Penalty for Private Use To Avoid Payment of Postage, \$300. The following additional markings are also required:

\* \* \* \* \*

a(2). Official mailings by agricultural experiment stations must bear in the upper left corner of the address side the name of the station, the name of the post office at which the matter is to be accepted, and the name and title of the officer in charge of the station, followed by the word Publication. The title of the bulletin or report, followed by the word Free, may be used.

\* \* \* \* \*

#### Section 137.24 Restrictions of Use

The use of markings authorized on official mail as shown in 137.23 may not be placed on other mail to avoid payment of postage or special service fees. The following restrictions apply to the use of official envelopes, cards, labels, and tags bearing the penalty statement:

\* \* \* \* \*

Official mail may not be sent in penalty envelopes by special delivery or as certified mail without prepayment of the fee or by air mail without prepayment of the air postage. Exception: Penalty envelopes containing urgent official communications of the Postal Service may be sent special delivery or as air mail without payment of fee or postage.

\* \* \* \* \*

#### Section 241.34 Free-of-Postage Matter

This section contains the following list of countries to which penalty mail is transmissible:

Bolivia	Mexico
Canada	Nicaragua
Chile	Panama
Colombia	Paraguay
Costa Rica	Peru
Cuba	Republic of Honduras
Dominican Republic	El Salvador
Ecuador	Uruguay
Guatemala	Venezuela
Haiti	

### Act of July 14, 1956, Concerning Payment to the Post Office Department for Penalty Mail

This Act reads in part as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Act entitled "An Act to reimburse the Post Office Department for the transmission of official Government-mail matter" approved August 15, 1953 (67 Stat. 614; Public Law 286, Eighty-third Congress), is amended by adding at the end thereof the following new sections:

\* \* \* \* \*

Section 4. There shall be paid to the Post Office Department, as postal revenue, out of appropriations made to the Department of Agriculture for such purpose, the equivalent amount of postage, as determined pursuant to regulations prescribed by the Postmaster General for matter sent in the mails without prepayment of postage under authority of the following provisions of law:

(1) Section 6 of the Act entitled "An Act to establish agricultural experiment stations in connection with the colleges established in the several states under the provisions of an Act approved July second, eighteen hundred and sixty-two, and of the acts supplementary thereto," approved March 2, 1887, as amended (69 Stat. 673; 7 U. S. C., sec. 361f);

\* \* \* \* \*

This provision of law requires that the Post Office Department be reimbursed by the Department of Agriculture for the cost of penalty mail used by the State agricultural experiment stations. The Department will seek specific funds from Congress for this purpose. No deductions against amounts otherwise payable from Federal-grant funds to the States will be made for this purpose.

By a decision of the Comptroller General the Post Office Department is obligated to accept penalty mail from the experiment stations even though Congress may not make available funds which would enable the Department of Agriculture to pay the Post Office Department for the cost of the penalty mail carried. The State Experiment Stations Division now must make reports periodically to the Post Office Department regarding the volume of penalty materials purchased or procured locally by the State experiment stations. The Division will issue instructions for the assembly of this type of data from the experiment stations.





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